

AMENDED IN ASSEMBLY MARCH 21, 2002

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1815**

**Introduced by Assembly Member Frommer**

January 17, 2002

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*An act to add Chapter 9.6 (commencing with Section 5760) to Division 6 of Title 1 of the Government Code, relating to state bonds.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1815, as amended, Frommer. State bonds: antiterrorism activities.

Existing law authorizes the Treasurer to issue bonds for various purposes.

This bill would enact the California Homeland Defense Bonds Act of 2002. It would ~~declare the intent of the Legislature to enact legislation to~~ authorize the Treasurer to ~~issue general obligation~~ *sell* bonds ~~to, as defined, which may~~ be known as California ~~Homeland Defense Bonds~~ *homeland defense bonds*, with the proceeds from the sale of the bonds to be available for appropriation by the Legislature and allocated by specified state agencies to fund antiterrorism activities, as defined, by local firefighting agencies, local police departments, and local emergency services agencies, subject to specified criteria.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~—yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. This act shall be known and may be cited as the California Homeland Defense Bonds Act of 2002.

~~SEC. 2. (a) It is the intent of the Legislature to enact legislation to authorize the Treasurer to issue general obligation bonds to be known as California Homeland Defense Bonds.~~

~~(b) It is the further intent of the Legislature that proceeds from~~

SEC. 2. Chapter 9.6 (commencing with Section 5760) is added to Division 6 of Title 1 of the Government Code, to read:

CHAPTER 9.6. CALIFORNIA HOMELAND DEFENSE BOND PROGRAM

5760. The Legislature finds and declares all of the following:

(a) California is facing an unprecedented risk to the safety of its citizens. Local governments are working vigorously to ensure the well-being and safety of the public.

(b) The anthrax attacks on the east coast in the latter part of the year 2001 have demonstrated a need to prepare for bioterror. It is imperative that our public health system is prepared in case of any such emergency.

(c) The federal government is selling "Patriot Bonds." However, the revenue from these bonds goes directly to the nation's general fund, not to the War on Terror.

(d) In a previous time of need, Californians demonstrated that they could be relied upon to significantly contribute to the defense efforts of the state and nation. Between May 1941 and August 1945, Californians purchased a total of \$2.9 billion worth of Liberty Bonds.

5761. As used in this chapter, the following terms have the following meanings:

(a) "Bonds" means general obligation bonds, revenue bonds, or any derivative evidence of indebtedness that includes, but is not limited to, interests in pools, money market mutual funds, and unit investment trusts, issued by, or on behalf of, any state agency.

(b) "Governing body" means the board, authority, trustees, director, commission, committee, secretary, or other policymaking body that exercises authority over a state agency.

(c) "State agency" has the same meaning as defined by Section 11000.

1     5762. *The Treasurer may sell California homeland defense*  
2 *bonds in accordance with the requirements of this chapter.*  
3 *Notwithstanding any other provision of law, when the Treasurer*  
4 *determines that bonds are to be sold, the Treasurer may request the*  
5 *governing body to authorize bonds with the following terms, and*  
6 *the governing body shall authorize these terms:*

7     (a) *The bonds may be issued in a denomination or*  
8 *denominations of any amount or amounts requested by the*  
9 *Treasurer, and all bonds of the same issue or same series need not*  
10 *be of the same denomination.*

11     (b) *The bonds may bear no interest or may bear interest payable*  
12 *only at maturity or at the times and in the manner established in*  
13 *the resolution, indenture, agreement, or other instrument*  
14 *providing for the issuance of the bonds.*

15     (c) *For purposes of determining the principal amount of bonds*  
16 *outstanding, in the case of any bonds that do not provide for*  
17 *payment of interest on the bond prior to maturity, the principal*  
18 *amount of these bonds shall be the cash price paid by the initial*  
19 *purchasers of the bonds to the state plus the amount of any costs*  
20 *of issuance of the bonds. Within 30 days of the delivery of any*  
21 *bonds, the Treasurer shall submit to the governing body a*  
22 *certification stating the principal amount of bonds, calculated as*  
23 *stated in this subdivision, which have been sold, and this*  
24 *certification shall be conclusive for all purposes.*

25     (d) *The bonds may be issued in any form requested by the*  
26 *Treasurer in order to satisfy the requirements of a book entry*  
27 *system of depository trust companies or other similar financial*  
28 *institutions.*

29     (e) *In addition to the standard designation, the bonds may be*  
30 *designated "California homeland defense bonds" entitled to the*  
31 *benefits of this chapter.*

32     5763. *The general authority of the Treasurer to sell bonds, as*  
33 *provided in this chapter, is intended to be in addition to, and*  
34 *limited to, specific provisions authorizing the issuance of bonds*  
35 *and is a separate and complete authority for the actions authorized*  
36 *by this chapter.*

37     5764. (a) *It is the intent of the Legislature that the proceeds*  
38 *from the sale of the bonds be available for appropriation by the*  
39 *Legislature according to current needs and priorities at the time of*  
40 *appropriation. The Legislature intends that the Office of*

1 Emergency Services allocate appropriated funds for antiterrorism  
2 activities by local firefighting agencies, that the Office of Criminal  
3 Justice Planning allocate appropriated funds for antiterrorism  
4 activities by local police departments, and that the State  
5 Emergency Medical Service Authority allocate appropriated  
6 funds for antiterrorism activities by local emergency services  
7 agencies.

8 ~~(e) It is the further intent of the Legislature that the bonds shall~~

9 ~~(b) The bonds shall~~ be issued in an amount up to and including  
10 five hundred million dollars (\$500,000,000), ~~and that proceeds.~~  
11 *Proceeds* from the sale of the bonds shall supplement, not  
12 supplant, any existing resources available for the purpose  
13 described in subdivision ~~(b)~~.

14 ~~(d) It is the further intent of the Legislature that the bonds shall~~  
15 ~~function in a similar manner to Treasury EE bonds, shall be~~  
16 ~~marketed directly to consumers, and shall earn 90 percent of the~~  
17 ~~yield on Treasury securities with a maturity of five years.~~

18 ~~(e) (a).~~

19 (c) For purposes of this section, “antiterrorism activities”  
20 means any activities conducted for prevention of, or in response  
21 to, acts described in Sections 2331 and 2332b of Title 18 of the  
22 United States Code.

